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Supreme Court of the United States

OCTOBER TERM, 1935.

No. 11.

THE CHANDLER & PRICE COMPANY,
Petitioner,

vs.

BRANDTJEN & KLUGE, INC., and
JOSEPH FREEMAN, INC.,
Respondents.

BRIEF FOR BRANDTJEN & KLUGE, INC., RESPONDENT.

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BRIEF FOR BRANDTJEN & KLUGE, INC., RESPONDENT.

Statement of the Case.

The material facts are the following. The suit was brought by respondent, a non-resident of the district of suit, charging the defendant with patent infringement in the *use* of a certain printing press. The trial Court, in the exercise of a discretionary power, permitted petitioner, the manufacturer of the defendant's press, to intervene in order to protect its interest in the suit by conducting its customer's defense. Thereafter the trial Court dismissed a pleading called a counterclaim in which petitioner charged respondent with infringement of a patent owned by it alone. The Circuit Court of Appeals affirmed the dismissal.

The Questions.

1. Should petitioner be permitted to enlarge the suit by injecting a claim of its own against respondent, the claim being one that has nothing to do with the interest upon which the intervention was based?

2. If the intervener has a right to assert such a claim, is there the proper jurisdictional ground for the assertion of it in the district of this suit, respondent not being a resident of the district and having no regular and established place of business in the district?

The first question is not limited to the case of a non-resident plaintiff. The second arises if the first is answered in the affirmative; or it may be considered as primary, for a decision on it favorable to respondent would require an affirmance.

Our statement of the principal question calls for explanation. It differs from petitioner's because we can not agree that petitioner has stated the issue.

The question of petitioner's right as an intervener to present a claim against respondent is not a question of the interpretation of Equity Rules 30 and 37 and requires no choice between a liberal and a strict construction of those rules. It is either a question of the substantive law of intervention, calling for an inquiry as to whether the intervener has the status and attendant rights of an original defendant or has a special status with rights conditioned by the purpose of his intervention, or else it is a question of a practical nature to be left open as a matter of law and answered in the exercise of trial court discretion in each particular case.

No suggestion of the answer to either question is to be found in the wording of Rule 30. That rule says that a counterclaim, depending on its nature, either *may* or *must* be included in the answer. Preceding that, it states the

form and contents of the answer and there only does it use the word "defendant." It says "The defendant shall set out * * his defense to *each claim asserted in the bill* * *." There can be no question as to what "defendant" means. He is the one against whom the bill asserts claims. And the question presented is whether petitioner is to be given the same status as that defendant. If it is, it is not because of the words appearing in the rule or because of liberality in the construction of the rule, but because of something in the law of intervention.

Before Rule 30 comes into the question, there must be a decision on the primary question of petitioner's status as an intervener and the right of an intervener to take any action whatever that goes beyond what is required to protect the interest that justified the intervention. Since that primary question is not limited to the assertion of claims, it can not be decided by reference to a rule which deals *only* with the assertion of claims. Again, this rule can not govern until petitioner shows that there is a claim against it to be countered.

Nor does Equity Rule 37 give the answer. It deals with the basis of intervention and has no provision regarding the intervener's status or rights after intervention. But it does reflect the governing principle that an intervener can do only what serves to protect his interest in the litigation. The statement in the rule is not broadly to the effect that one "having an interest in the litigation" may intervene, but is simply that what he may do is "assert his right by intervention", which carries the implication that he is not to do more.

In respondent's view, then, the terms of neither rule give the answer to the decisive question. The answer lies outside the rules, in the considerations set out in what follows.

Summary of Argument.

On the First Question.

There is nothing either in the nature of the suit or in the acts of respondent to support the view that petitioner is in the case *in invitum* and that it is in effect the party sued although not charged in the bill. This being the case, petitioner's attempt to inject a claim beyond the intervention purpose was properly denied. Uniform decisions establish the principle that an intervener may not go beyond what protects his interest on which the intervention was based.

This established principle invoked here by respondent is a wise and reasonable one, as shown by two considerations. Intervention is a privilege in our law, set up to accomplish the definite end which justifies it, and therefore should not be made the means of attaining a further and unrelated end. To depart from that principle would lead to undesirable and burdensome results in this and in other cases, for the present situation is not a special one.

If there is to be no rule of law restricting an intervener's actions to what will protect his interest in the suit, then the allowance of a wider scope of action should be a matter of trial Court discretion in each case. In this view, the decision below should be affirmed as a reasonable exercise of a discretionary power.

On the Second Question.

Petitioner's claim should be dismissed in any event because respondent is a non-resident plaintiff and has neither expressly nor impliedly waived its venue privilege as against petitioner, an intervener, whom it did not sue and could not sue in the district of this suit.

ARGUMENT ON THE FIRST QUESTION.

POINT I.

There is nothing either in the nature of the suit or in the acts of respondent to support the view that petitioner is in the case in invitum and that it is in effect the party sued although not charged in the bill.

It is elemental that the *use* of an infringing machine is a tort, separate and distinct from the tort involved in making and selling the machine. It is undeniable that the only cause of action set out in respondent's bill of complaint is the separate tort involved in defendant's *use* of the machine identified in the bill. These are the fundamentals which prevent petitioner from having the status of a defendant charged in the bill.

In going to these fundamentals, we do not ignore the fact that, as the manufacturer of defendant's machine, petitioner has a greater interest than any one user has in the question of patent scope that will be passed on in this case. What we say is that petitioner does not thereby become the real party in interest. The real party in interest in this suit on the accused side is the defendant, Freeman, Inc. Certainly it is very real to it whether or not it can operate the automatic feed on its press and that reality is not lessened by the fact that the indirect consequences of this suit are also real to petitioner.

The Courts have recognized and provided for this familiar situation of a patent suit against a "user" whose only offense lies in his use of the patented machine, and against a dealer or jobber whose only offense lies in selling the patented articles. They do not deny or attempt to restrict the patent owner's right to sue each infringer so long as there is not a multiplicity of suits evidencing an intent to harass the trade. Here but one user has been sued. If successful, respondent will proceed against petitioner and against the other users of the infringing machine. Because

of petitioner's open defense of the present suit, there will be an estoppel against it when it is sued and respondent's task will be simplified to that extent. If respondent fails in this suit, petitioner and its other customers will be protected by the same estoppel. *Kessler* v. *Eldred*, 206 U. S. 285; *Marshall* v. *Bryant Elec. Co.*, 185 Fed. 499. This practical way of handling the situation within the mold of established judicial procedure is entirely fair to all concerned and experience shows it to be workable.

The material point of this review of the situation is that this conventional procedure involves no distortion of the elemental fact that the "user" suit is in fact a suit by the patent owner against the user. It never loses that character. In applying the estoppel principle by which the decision in the user suit is made practically decisive of subsequent suits against the same machine in other hands, the courts do not fail to respect this fact. The result is attained by orderly legal procedure when the subsequent suits arise. It is not attained by converting the user suit into a suit against the manufacturer or against other users. The law has no process and as we understand it no policy of thus forcing a defendant upon a plaintiff.

There is a situation, not the present one, in which the manufacturer becomes a defendant *in invitum*. It is a fairly common practice in dealer suits to charge the manufacturer in the bill even though he is not to be found in the district of suit. Then if he appears generally or intervenes he becomes a real defendant, the controlling factor in giving him that status being that plaintiff solicited him to take it and he acceded to the solicitation. And there doubtless is other conduct by the plaintiff, as Judge Hand states (R., 36), that could have the same result.

Petitioner has sought throughout this case to create the appearance of a fact situation that would make it a defendant *in invitum*. This has taken the form of an assertion that a copy of the bill was served on petitioner, and a special interpretation of the language of the order allow-

ing intervention where it says that petitioner "is granted leave to intervene in said suit as a party defendant" (R., 14), and the statement in the opinion of the District Court on the intervention petition that "said Company will, as is arranged, be bound by the decree in this suit."

As to the interpretation of the District Court's statements, all question would seem to be put at an end by the fact that the same Court denied petitioner the right to assert its claim against respondent. Judge Campbell based this denial squarely on the authorities which accord the intervener only a limited status (R., 27-28). As to the assertion (Petitioner's brief, p. 6) that respondent's counsel "served on petitioner's counsel a copy of the bill of complaint as filed", the sole basis for this is that respondent's counsel mailed a copy of the bill to John F. Oberlin, Esq., who had written in response to a notice of infringement sent to Joseph Freeman, Inc., now the defendant. This was but an act of courtesy of a very usual character. As the counsel whose act it was, we say unequivocally that it had no other purpose or significance. The attempt to give it the legal significance of the word "served" is wholly unwarranted and calls for immediate rejection. Neither Court below accepted petitioner's contention as to the effect of service of the bill on the intervener and we believe that these concurrent findings should be accepted here.

Petitioner fails to establish itself as a real defendant either by reason of the nature of the suit or by reason of any acts of respondent. There remains then only the question of the intervener's status and rights as a matter of law and the practical question whether or not the scope of an intervener's activity beyond the intervention purpose should be left to the discretion of the trial Court, if any scope is allowed at all.

POINT II.

Uniform decisions establish the principle that an intervener is not permitted to go beyond what protects his interest on which the intervention was based.

It can be stated flatly that no reported opinion expresses a view contrary to this principle. The most that is asserted by way of exception to it is that in the *Expansion Bolt* case, 234 Fed. 868, C. C. A. 7th, a *result* was achieved contrary to the principle, and even that is open to question. The opinion of neither the District Court nor the Court of Appeals in that case discloses any consideration of this question of the proper scope of intervention activity. And the fact that the Court of Appeals dismissed the counterclaim for lack of infringement makes it impossible to say that a decision on the intervention question was involved by necessary implication.

Petitioner's excerpt from the brief in that case makes plain how mildly was this question of an intervener's scope of action put forward by the plaintiff there and what great emphasis was put on the independent question of venue. It seems to us that the *Expansion Bolt* case must be taken either as involving merely the dismissal of the counterclaim, its actual decision, or as a precedent only to the extent of what the opinion considers which is the venue question and the question of infringement. Furthermore, the opinion of the District Court in that case (216 Fed. 186) refers to special facts which seem to have been accepted as making the intervener there a defendant *in invitum*.

The principle that an intervener has only a limited scope of action has been applied equally where the intervener attemped to assert independent *claims* as counterclaims, the situation here, and where the action beyond the intervention purpose was the assertion of *defenses* not available to the original defendant. It has been applied equally both in suits on patents and in suits on other rights. It has

been applied since the new Equity Rules as well as before. And it has been recognized in judicial statements *obiter* and by the text writers as an established principle of intervention. The case from the English law which petitioner cites (Montgomery v. Foy [1895], 2 Q. B. 321) does not represent a contrary view for the report shows it to have been based on special grounds.

In the particular fact situation of this case, that of an attempt to counterclaim on the part of an intervening manufacturer in a patent suit against one of his customers, there have been two reported District Court decisions denying the right to counterclaim when the counterclaim was not available to the original defendant and had nothing to do with the intervener's interest in the suit.

Curran v. *St. Charles Car Co.*, 32 Fed. 835, C. C., E. D., Mo.
Leaver v. *K. & L. Box & Lumber Co.*, 6 F. (2d) 666, D. C., N. D., Calif.

A quotation from the case of *Leaver* v. *K. & L. Box & Lumber Co.*, 6 Fed. (2d) 666, D. C., N. D., Calif., decided in 1925, sufficiently illustrates the view.

> "The courts, state and federal, have always striven to maintain the integrity of the issues raised by the original pleadings, and to keep newly admitted parties within the scope of the original suit. 21 C. J. 343; Shepard v. New Jersey Consolidated Water & Light Co., supra [73 N. J. Eq. 578, 74 A. 140, 142, 143]. Here the vendee of a machine which is alleged to infringe plaintiffs' rights under certain patents has been sued, and the sole issue presented by such suit is plaintiffs' right to an exclusive use of the machine. The intervener, its manufacturer, seeks by counterclaim to litigate the question of its right to recover damages against the plaintiff, for interference with its business, threatening its customers, and advertising an intention to sue all purchasers of such machines from it. That

these are causes of action not related to nor germane to the issues of the bill is self-evident.

As before stated, when a person, not a party to a pending suit, who is interested in its subject-matter, desires, for his own protection, to assert his independent rights and raise new issues, he must do so by an original bill, and not by way of cross-bill or counterclaim."

In cases which differed only in that the original suit was not for patent infringement, the same result has been reached as actual matter of decision:

Atlas Underwear Co. v. *Cooper Underwear Co.*, 210 Fed. 347, D. C., E. D., Wis.
DeSousa v. *Crocker First National Bank*, 23 F. (2d) 118, D. C., N. D., Calif.

In numerous cases involving questions of the status of an intervener, the same rule has been stated as settled law, although the particular facts did not call for its application as matter of decision.

Angier v. *Anaconda Wire & Cable Co.*, 48 F. (2d) 612, D. C., Del.
Allington v. *Shevlin-Hixon Co.*, 2 F. (2d) 747, D. C., Del.
Tretolite Co. v. *Darby Petroleum Corp.*, 5 F. Supp. 445, D. C., N. D., Oklahoma.
Borne Scrymser Co. v. *Gaffney Manufacturing Co.*, 5 F. Supp. 405, D. C., W. D., South Carolina (affirmed 68 F. [2d] 104, C. C. A. 4th).
Board of Drainage Com'rs v. *Lafayette Southside Bank*, 27 F. (2d) 286, 296, C. C. A. 4.

On the question of the right of an intervener to present defenses not available to the original defendant, the rule is the same that the scope of activity permitted to the intervener cannot exceed that which is open to the original defendant.

Prince v. *Childs Co.*, 23 F. (2d) 605, C. C. A. 2.
Powell, et al., v. *Leicester Mills*, 92 Fed. 115, C. C., E. D., Pa.
Hopkins v. *Lancaster*, 254 Fed. 190, D. C., N. D., Ala.

We see no escape from the view that to hold with petitioner here would require a departure from an established principle and that such a departure would be a precedent not only for patent suits but for all interventions.

Petitioner presents a series of argumentative points to distinguish each of the cases which respect this principle but no substantial distinction either between the patent and non-patent cases or between the cases since and those preceding the new Equity Rules. The uniformity and consistency of the cases can not be dissembled nor can the cumulative effect of these many decisions and judicial declarations be decried. There *is* a principle. It *is* established. It is a principle of intervention, not of the equity rules, and it is not confined to patent cases.

POINT III.

This established principle invoked here by respondent is a wise and reasonable one. Intervention is a privilege in our law, set up to accomplish the definite end which justifies it, and therefore should not be made the means of attaining a further and unrelated end. To depart from that principle would lead to undesirable and burdensome results in this and in other cases, for the present situation is not a special one.

Intervention is a Privilege Which Should be Limited to What Justifies It.

Intervention is recognized as being a matter of absolute right when a fund is administered in which a stranger to the suit has an interest that would be lost if not asserted

in the pending suit. It is permitted as a discretionary matter when the stranger has an interest in the litigation that would be affected by the decree although not lost if not asserted. In this latter situation the Court has a discretionary power to grant or deny the intervention on its judgment of the extent of the stranger's interest and the necessity or desirability of allowing it to be presented in the pending case. *Credits Commutation Co.* v. *United States*, 177 U. S. 311; *Minot* v. *Mastin*, 95 Fed. 734, 739, C. C. A.

Intervention by its nature is a privilege. It involves an intrusion which must justify itself. This it does when the stranger has an interest in the suit, but the justification exhausts itself when the stranger is given an opportunity to have his interest protected. Anything further lacks that justification and is no different from an attempted intrusion by a stranger who has no interest at all.

This conditional, exceptional character of intervention and the considerations which have gained it recognition in our law, present a powerful argument for the principle that the privilege should not be used to attain some end unrelated to what justifies the intervention. It should not carry with it a further privilege which has no similar warrant. It is enough that the will of a party has been over-ridden to the extent necessary to permit the stranger to protect his interest in the suit.

These considerations apply here with particular force because, of all types of intervention, that which we have here presents the least need and therefore the greatest grant of a favor. In fact, Rule 37 itself furnishes no warrant for such intervention. It has come to be allowed, we think, solely because it amounts to no more than formal recognition of the manufacturer's voluntary presence for the purpose of conducting the defense. But when it is sought to enlarge this gratuitous intervention into a means of asserting independent claims which would not them-

selves justify intervention, then we think it necessary to go back and inquire whether petitioner's intervention was proper in the first place.

Petitioner's "interest in this litigation" is in seeing to it that the defense is well conducted. This interest arises entirely from petitioner's concern as to the business consequences that may flow from having respondent's patent upheld in this suit. Its petition to intervene shows that and nothing more (R., 7-10). All that petitioner can do to protect that interest is to see that the defense is well presented. If that should be ineffective and respondent should prevail, the consequences which cause petitioner's concern will follow inevitably. Establishing petitioner's claim against respondent can not alter or stay those consequences.

But petitioner could accomplish all this by conducting the defense openly without intervening, for that would assure petitioner of a binding estoppel as between it and respondent under the rule of *Souffrant* v. *La Compagnie, etc.*, 217 U. S. 475, 486-7. So the practical justification for intervention is slight indeed. *Ring Refrigerator, etc., Co.* v. *St. Louis Ice, etc., Co.*, 67 Fed. 535, 539; *Gaines* v. *Rock Spring Distilling Co.*, 179 Fed. 544, 555.

The question is whether it has any legal warrant in Rule 37. The rule says that any one claiming an *interest* in the litigation may be permitted to *assert his right* by intervention. Petitioner's interest in this suit is not a direct interest or a legal interest. It is a concern about the consequences over. And when petitioner defends its customer it is not asserting any right; it is merely taking action to guard against those consequences as best it can. If the word "interest" in Rule 37 does not mean a legal interest, the words "assert his right" have no logical connection. If "interest" embraces a mere concern, the rule would have said that one having an interest may take action by

intervention to protect it. As written, however, the rule states a particular action, namely, the assertion of a right, which is compatible only with the notion that the interest is a legal interest.

This is the view of the cases prior to the rule with which the language of the rule is entirely consistent. In *Smith v. Gale*, 144 U. S. 509, this Court had before it the Dakota Code provision respecting intervention which said that "Any person may, before the trial, intervene in any action or proceeding, who has an interest in the matter in litigation, in the success of either party, or an interest against both" (id., 517). As to the nature of the "interest" required, Mr. Justice Brown said:

> "These provisions of the Dakota code above cited are found in the codes of several of the States, and appear to have been originally adopted from Louisiana, wherein it is held by the Supreme Court, interpreting a similar section, that the interest which entitles a party to intervene must be a direct interest, by which the intervening party is to obtain immediate gain or suffer loss by the judgment which may be rendered between the original parties" (id., 518).
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> "In this case the petition not only fails to show any title in the intervenor, and no beneficial claim to or lien upon the property in suit, but it shows conclusively that such interest as she once had has been conveyed away to Hodgdon, and that the only actual interest she could possibly have in the result of the litigation was the contingency of being held upon the covenants of warranty in the deed to Hodgdon. This, however, is not the direct and immediate interest which, under the construction given to this statute by the courts of Louisiana, California and Minnesota—a construction which we do not hesitate to adopt—is necessary in order to entitle a person to intervene. Her

liability to Smith would depend upon the scope of her covenants, and could properly be determined in a separate action" (id., 519).

These facts of *Smith* v. *Gale* parallel the facts here. Petitioner's only interest here is a contingent one which can be protected in a separate action, even better protected than in the situation of that case because petitioner has the estoppel resulting from open defense of the suit.

Other cases show the same requirement of a legal interest. *Chester* v. *Life Ass'n of America*, 4 Fed. 487, 491 and *Gregory* v. *Pike*, 67 Fed. 837, 845-846. In the English law the same view appears, for the single case we have been able to find denies intervention to a manufacturer in a patent suit against his customer. *Moser* v. *Marsden* (1892), 1 Ch. 487; 9 R. P. C. 214.

If we are correct in our reading of Rule 37, it follows that the intervention in the present case has no legal warrant. And if not warranted, certainly it can not be used as an avenue to the assertion of claims unrelated to any issue in the suit or to the petitioner's concern over the possible consequences of the suit.

To Enlarge the Intervener's Right Would Produce Undesirable Results.

The reasonableness and wisdom of the principle restricting interveners to what serves the intervention purpose are shown further by what would result from a contrary view. Intervention is most common in cases of considerable complexity, exemplified by the foreclosure of corporate liens, stockholders' actions and the like, where the interests of many persons are involved. To say, as a matter of law, that an intervener has a right to present independent claims unrelated to the interest on which intervention is predicated, might easily result in a multitude of unrelated issues which would render an adjudication of the main issues extremely burdensome.

For instance, to show the extreme, a group of stockholders of a defendant company in a mortgage foreclosure litigation, intervening on the ground that the directors of the defendant company were not defending properly, might include a stockholder who had a claim for patent infringement against the plaintiff and another stockholder who had a contract claim calling for equitable relief against the plaintiff and another with still a different claim against the plaintiff equally far removed from the mortgage foreclosure, and all would have to be permitted to inject their claims into the litigation.

The reality of such a burdensome result has been recognized by the courts. See, for instance, *Glass* v. *Woodman*, 223 Fed. 621, 622-3. The courts likewise have recognized that intervention itself, even within its rightful scope, involves a burden because of adding issues to the original suit and for that reason they exercise caution in the grant of the intervention privilege. Simkins, in "A Federal Equity Suit", Rev. Edit. (1934), page 679, states this as follows:

> "This caution on the part of the courts is based upon the theory that the plaintiff should not be compelled to enter into litigation with parties not of his own seeking; if he is, what he sets out to do by a simple suit may, against his will, become complicated, expensive, and interminable." Citing *Leaver* v. *K. & L. Box Lumber Co.*, 6 F. (2) 666, 667; *Gregory* v. *Pike*, 67 Fed. 845 and *Chester* v. *Life Asso. of America*, 4 Fed. 491, 492."

If this consideration is of sufficient importance to give the courts pause when granting intervention, despite the off-setting consideration furnished by the desire to protect the intervener's interest in the suit, it is of even greater force in our situation where the burden of the added issues carries with it no such compensatory result.

The fact is that any argument in behalf of what petitioner seeks to do here would be equally good to justify

the admission of a stranger who had no interest in the original issues. For with respect to claims unrelated to its interest in the suit, petitioner is in no different position from that of the stranger with no interest at all. Conversely, all the reasons which lead to the universal exclusion of such strangers are equally pertinent and forceful to sustain the dismissal of petitioner's claim here.

The Case Here Calls For No Special Rule.

In our particular case, no unique situation is presented. It calls for no special rule. Petitioner seeks to make it seem so by the assertion of a common subject matter for the respective patent infringement claims of petitioner and respondent (Brief, 20-22). There is no common subject matter in fact.

It is true that the patents of both petitioner and respondent deal with printing presses and that petitioner and respondent are competing manufacturers. Beyond that there is nothing common to the two. The patents are not competing patents in any sense of being asserted to cover the same invention. Respondent's patent was issued in 1920, ten years before the grant of petitioner's patent, which therefore has a subordinate position. Unfortunately the present record does not admit of discussion to show their difference in subject matter. If the two were litigated in the same suit, either patent could stand or fall in full indifference to the other. Either one could be found to be infringed without effect upon the question whether or not the other was infringed. Either one could go to a final decision regardless of the outcome of the other. There is complete independence.

Petitioner seeks to link the two in its statement that "By suing a user of petitioner's device respondent has questioned petitioner's right to make, sell and use the invention of its patent and the correlative right to exclude others from so doing, in a concrete instance" (Brief, 20).

This is not so. Respondent's suit has nothing to do with petitioner's right to exclude others from using petitioner's invention. Petitioner's right to exclude others depends solely on the validity of its patent, a matter that is not put in issue by respondent's suit and is not affected either by the validity of respondent's patent or by the infringement of it by defendant's machine. Petitioner's argument misconceives the most elemental principles as to the nature of the patent right.

The same misconception leads petitioner to say that if it does not assert its claim it would permit respondent to "whittle away" petitioner's trade and patent rights (Brief, 20). The most sweeping victories on respondent's patent against defendant, against petitioner and against each user of petitioner's machines, would leave petitioner's patent rights entirely unscathed. We might suggest that petitioner's patent rights can be whittled away if they are asserted, but are safe if they are kept at home. And as for the whittling away of petitioner's trade, certainly it is true that if defendant or petitioner or anyone else is infringing respondent's patent, its trade ought to be whittled away to the extent of the infringement.

Equally confused is petitioner's argument that its claim against respondent arises out of the transaction which is the subject matter of respondent's suit. This is partly to make it seem that its claim is one that *must* be put forward under Rule 30 and partly to foster the idea that there is some relation between the two claims that calls for their adjudication in one suit. Neither cause of action depends on any fact included in the other cause of action. The transaction which is the subject matter of respondent's suit is defendant's use of one form of machine alleged to be an infringement of a patent owned by respondent. On the other hand, petitioner's claim against respondent arises out of the fact that respondent makes another and different form of machine alleged by petitioner to be an infringement of another patent owned by petitioner. Re-

spondent's cause of action does not depend on the fact that it makes a press, the fact on which petitioner relies for the cause of action on its patent. And petitioner's cause of action would be the same if respondent had no patent and petitioner made no press. Neither cause of action arises from facts that are necessary to or in any way related to the other cause of action.

Petitioner tries to create a common transaction or background embracing both claims. It does this first by vague talk of a "trade dispute". The "trade dispute" notion would equally as well justify the reception into a suit of all competitors in the trade who had claims of any sort against the litigants, regardless of interest in the suit. There is no specific trade dispute here that gives common background to the respective patent infringement claims of petitioner and respondent. These claims could be called phases of a trade dispute only in the broadest sense of being phases of general competition in the press business. That is too remote to mean anything.

Then petitioner quotes Judge Hand's statement that "It is to be assumed that a single press may, and does, embody the features claimed in both patents — an invention." Petitioner goes on from this to an assumption that there is a conflict between the claims under the respective patents and that this conflict involves a "single question" as to "who has the right to make, sell and use the press involved, respondent under the patent of the bill, or petitioner, and through it defendant, under the patent of the counterclaim?" (Brief, 21-22).

This assumes that both respondent's and petitioner's presses employ some single invention and that there is a conflict between the two patents as to which patent gives a monopoly of this single invention. The argument also seems to be made in the light of the misconception that appears elsewhere in petitioner's brief that a patent gives the right to use the invention as against other patents. Petitioner's patent, even if infringed by respondent's ma-

chine, could not give petitioner or defendant a right to infringe respondent's much earlier patent. Likewise, respondent's patent gives it no right to employ any improvement validly protected by petitioner's patent. So neither in Judge Hand's statement nor in anything else in the record is there warrant for this assumption which petitioner makes or for its conclusion that the case involves a single question of mutually exclusive rights to use a single invention. Such a single question could exist only if the two patents were for some one invention employed in both machines.

Petitioner's final argument is a loose generalization of the policy of settling as many controversies as possible in one suit. But that policy does not call for the limitless expansion of any one suit. It may call for liberal construction of any rule bearing on the question of parties. But it does not open the doors of a litigation to all comers who do not qualify under some rule, liberally construed within the limits of its wording. Petitioner's argument would leave no ascertainable limits for it has only the vague outline of "liberal policy" to say where to stop. We are not so helpless in this case. Our situation here is governed by an established principle of intervention which calls for affirmance of the decision below.

POINT IV.

If there is to be no rule of law restricting an intervener's actions to what will protect his interest in the suit, then the allowance of a wider scope of action should be a matter of trial Court discretion in each case. Therefore the decision below should be affirmed in any event as a reasonable exercise of a discretionary power.

If it should be thought that the declaration of an inflexible rule defining the limits of intervention activity would work a hardship in exceptional cases that may arise, then

a practical solution would be to declare a general policy in accordance with the established principle and leave exceptions for discretionary administration by the District Courts. The intervener's entry being subject to a discretionary power, except where the intervener claims against a fund in court, it is a natural corollary to make the regulation of activity after entry a matter of discretionary power, especially the regulation of activity reaching beyond the purpose which justified the entry in the first place.

In any such practical working out of the situation, it should be immaterial whether the intervener's assertion of a claim or defense is made after intervention or upon its petition for leave to intervene. To hold otherwise would sanction an irregular practice by which an intervener could circumvent the discretionary power of the District Court to grant or deny intervention. In this case, for instance, petitioner did not follow the regular practice* of submitting its proposed pleading when it asked leave to intervene. Had it done so, the Court presumably would have rejected the proposed "counterclaim" (since it did reject it when presented later) and would have permitted intervention only on the condition that petitioner confine itself to joining in the defendant's answer to the charges of the bill. The power to deny intervention on reasonable grounds should carry the power to grant it on reasonable terms.

This view of the subject as one for discretionary action would likewise call for affirmance in this case, because the dismissal of petitioner's pleading called counterclaim was a reasonable exercise of discretionary power. The trial Court (R., 26) based its ruling on what it correctly conceived to be a prevailing view that an intervener ought not to be allowed to present such claims. Hence its action in following them was reasonable. The Circuit Court of Appeals (R., 35) considered both the precedents and the bal-

*Toler, et al., v. East Tennessee, etc., Ry. Co., 67 Fed. 168, 174. Rhinehart v. Victor Talking Machine Co., 261 Fed. 646-648.

ance of advantage in the case at hand and thereupon affirmed. The concurrence of these two rulings, the precedents for them, and the reasonableness of the result preclude any question of abuse of discretion.

ARGUMENT ON THE SECOND QUESTION.

Petitioner's claim should be dismissed in any event because respondent is a non-resident plaintiff and has neither expressly nor impliedly waived its venue privilege as against petitioner, an intervener, whom it did not and could not sue in the district of this suit.

The venue statutes provide that a party shall not be sued in any district save that of his residence, excepting that in patent suits a party may be sued not only in the district in which he is an inhabitant but also in the district in which he "shall have committed acts of infringement and have a regular and established place of business." (Section 48, Judicial Code, Sec. 109, Title 28, U. S. C.)

Respondent is a non-resident plaintiff, being a Minnesota corporation with a principal place of business in St. Paul, Minnesota (R., 3). Petitioner is an Ohio corporation, resident in Cleveland (R., 7). Petitioner charges respondent with acts of infringement in the district of suit but does not allege, as it could not, that respondent has a regular and established place of business within the district. The jurisdictional requirements provided for in Section 48 of the Judicial Code are accordingly not met and the District Court has no jurisdiction of respondent with respect to the asserted claim unless respondent has waived the privilege of the venue statutes either expressly or by implication of law.

Such waiver is implied in situations where a plaintiff has chosen to sue a particular defendant in a district other than the district of plaintiff's residence. *Leman* v. *Krent-*

ler-Arnold, 284 U. S. 448; *General Electric Co.* v. *Marvel*, 287 U. S. 430. This is for the reason that to allow a litigant to avail himself of the processes of a Court without concurrently subjecting himself to the jurisdiction of the Court for any other purpose would confer upon him the inequitable advantage of having all the rights of a plaintiff without giving his adversary all the rights of a defendant including the right to counterclaim. The extent to which this carries appears from the statement in Langdell's Equity Pleading, Chapter 5, Section 119, cited with approval by this Court in *Young Co.* v. *McNeal-Edwards Co.*, 283 U. S. 398. Langdell observes:

> "• • • the plaintiff being already in court, qua plaintiff by his own voluntary act, it is reasonable to treat him as being there for all the purposes for which *justice to the defendant requires his presence.*" (Emphasis ours.)

The situation here is not the same. The non-resident plaintiff has not come into the district for the purpose of availing himself of the processes of the Court against the intervener. In fact, respondent could not sue the intervener in this district and has vigorously opposed the intervention. Therefore, the question is whether or not a non-resident plaintiff, by the mere act of bringing suit against one person, waives his venue privilege with respect to all claims that might be asserted by all persons who are not sued, who could not be sued, but who might be allowed to intervene.

We think there is no such waiver, for the considerations that support the waiver with respect to a defendant are not present. No inequitable advantage is given to the plaintiff if its venue privilege is preserved as against an intervener. In fact, to imply a waiver would go far beyond any intent on the plaintiff's part, and would expose a plaintiff to unexpected suits in a foreign jurisdiction, something which the venue statutes were designed to avoid.

The views expressed by this Court in *Leman* v. *Krentler-Arnold Co.* and *General Electric Co.* v. *Marvel, supra,* do not carry that far and the only decision of which we are aware in which a counterclaim was considered under analogous facts is *U. S. Expansion Bolt Co.* v. *Kroncke,* 234 Fed. 868. A study of that case convinces that the waiver upon which the Court relied was more than the mere fact of bringing suit. The decision points out (p. 871):

> "While suit could not, in the first instance, have been maintained in Wisconsin by the Diamond Expansion Bolt Company against appellant over its objection upon either the Pleister or the Cook patent, we have no doubt but that appellant waived that objection by its action in bringing the suit in the Wisconsin district as well as by statements of counsel shown on pages 1085 and 1087 of the record in the premises with regard to the patents of the counterclaims."

It may well have been that the statements of counsel referred to by the Circuit Court of Appeals were sufficient to establish a formal waiver, particularly as the lower Court decision (216 Fed. 186) states that the Expansion Bolt Company of New York had "assumed the defense of the suit with the acquiescence of the plaintiff."

Nothing of any similar purport appears in this suit. Instead of acquiescence in the entry of intervener into the suit, its entry was strenuously opposed. Certainly no implied waiver can be spelled out of these facts.

The dismissal of the pleading put forward by petitioner as a counterclaim should be affirmed.

Respectfully,

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